

**AUDITED FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTAL INFORMATION  
OTHER FINANCIAL INFORMATION  
AND SUPPLEMENTAL REPORTS**

**TOWNSHIP OF WAKEFIELD  
WAKEFIELD, MICHIGAN**

**March 31, 2007**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|  |                                 |   |                   |
|--|---------------------------------|---|-------------------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                                 | Local Unit Name<br>Township of Wakefield                | County<br>Gogebic |
| Fiscal Year End<br>March 31, 2007  | Opinion Date<br>August 15, 2007 | Date Audit Report Submitted to State<br>August 28, 2007 |                   |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

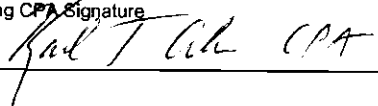
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**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|  |                                     |  |             |
|--|-------------------------------------|--|-------------|
| <b>We have enclosed the following:</b>   | Enclosed                            | Not Required (enter a brief justification) |             |
| Financial Statements   | <input checked="" type="checkbox"/> |  |             |
| The letter of Comments and Recommendations   | <input type="checkbox"/>            | Not applicable                             |             |
| Other (Describe)   | <input type="checkbox"/>            | Not applicable                             |             |
| Certified Public Accountant (Firm Name)<br>Joki, Makela & Pollack, PLLC  |                                     | Telephone Number<br>(906) 932-4430         |             |
| Street Address<br>301 N. Suffolk Street  |                                     | City<br>Ironwood                           | State<br>MI |
|  |                                     | Zip<br>49938                               |             |
| Authorizing CPA Signature<br> |                                     | Printed Name<br>Karl T. Ahonen             |             |
|  |                                     | License Number<br>1101025488               |             |

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**JOKI, MAKELA & POLLACK, P.L.L.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
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IRONWOOD, MICHIGAN 49938-2027

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**INDEPENDENT AUDITOR'S REPORT**

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Township of Wakefield as of and for the year ended March 31, 2007, which collectively comprise the basic financial statements of Township of Wakefield, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Township of Wakefield as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2007, on our consideration of Township of Wakefield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 13 and pages 41 and 42, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Wakefield's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Joti, Mahela & Pollack, PLLC*

Certified Public Accountants

Ironwood, Michigan  
August 15, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### TOWNSHIP OF WAKEFIELD

Year ended March 31, 2007

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#### **Management's Discussion and Analysis**

This section of the Township of Wakefield's (Township) annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2007. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*, as amended and interpreted, and is intended to provide the financial results for the fiscal year ending March 31, 2007.

#### **Government-wide Financial Statements**

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual method of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except the fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental and business-type activities of the Township that include all services performed by the Township. These activities are funded primarily by property taxes, charges for services and by federal and state grants.

The statement of net assets reports the Township's assets and liabilities. The corresponding balance between the assets and liabilities equals the net assets (deficit) of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the financial position of the Township generally is. It helps management determine if the Township will be able to fund current obligations and whether they have resources available for future use.

The statement of activities shows the current year change in net assets on a revenue less expense basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township.

### **Fund Financial Statements**

The Township's fund financial statements show a detail of funds that are determined to be significant, called major funds. The funds that are separately stated as major funds are the General Fund, Special Revenue Fund and Water Fund. The Capital Project fund is a nonmajor fund.

Governmental funds are accounted for by the modified accrual method of accounting (flow of current financial resources measurement focus). This method records revenues when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred. The governmental fund financial statements show the detail of operations for a given year according to this method of accounting. This is similar to how the Township reported their finances in the past. The individual fund statements help management determine what financial resources are available on a short-term basis to fund operations.

Since the government-wide financial statements and the fund financial statements use different methods of accounting to report the Township's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

Fiduciary funds are reported in the fiduciary fund financial statement, but are excluded from the government-wide reporting. The fiduciary fund financial statement reports resources that are not available to fund Township programs. The fiduciary fund financial statement reports similarly to governmental funds. Fiduciary funds include the Trust and Agency Fund and the Tax Collection Fund.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information**

Statement of Net Assets

The following are condensed statements of net assets with a detailed analysis of the statements below.

|   | <u>March 31, 2007</u> |                      |
|---|-----------------------|----------------------|
|   | <u>Governmental</u>   | <u>Business-Type</u> |
|   | <u>Activities</u>     | <u>Activities</u>    |
| <b>ASSETS</b>                                     |                       |                      |
| Current Assets:                                   |                       |                      |
| Cash  | \$ 334,042            | \$ 20,134            |
| Investments                                       | 71,988                |                      |
| Receivables                                       | 15,260                | 20,500               |
| Due from other funds                              | 13,076                |                      |
| Prepaid expenses                                  | <u>1,553</u>          | <u></u>              |
| Total Current Assets                              | \$ 435,919            | \$ 40,634            |
| Noncurrent Assets:                                |                       |                      |
| Due from other funds                              | \$ 27,000             |                      |
| Capital assets, net of accumulated depreciation   | <u>787,485</u>        | <u>\$ 23,000</u>     |
|   | <u>\$ 814,485</u>     | <u>\$ 23,000</u>     |
| Total Assets                                      | <u>\$ 1,250,404</u>   | <u>\$ 63,634</u>     |
| <b>LIABILITIES</b>                                |                       |                      |
| Current liabilities:                              |                       |                      |
| Accounts payable                                  | \$ 2,957              | \$ 7,034             |
| Due other funds                                   |                       | 8,000                |
| Other current liabilities                         | 13,040                |                      |
| Current portion of long term liabilities          | <u>14,779</u>         | <u>287</u>           |
| Total Current Liabilities                         | \$ 30,776             | \$ 15,321            |
| Long-term liabilities, net of current portion     | <u>463,000</u>        | <u>27,000</u>        |
| Total Liabilities                                 | <u>\$ 493,776</u>     | <u>\$ 42,321</u>     |
| <b>NET ASSETS</b>                                 |                       |                      |
| Investment in capital assets, net of related debt | \$ 307,424            | \$ (12,000)          |
| Unrestricted                                      | <u>449,204</u>        | <u>33,313</u>        |
| Total Net Assets                                  | <u>\$ 756,628</u>     | <u>\$ 21,313</u>     |

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Assets (Continued)

|   | <u>March 31, 2006</u> |                      |
|---|-----------------------|----------------------|
|   | <u>Governmental</u>   | <u>Business-Type</u> |
|   | <u>Activities</u>     | <u>Activities</u>    |
| <b>ASSETS</b>                                     |                       |                      |
| Current Assets:                                   |                       |                      |
| Cash  | \$ 220,802            | \$ 33,035            |
| Investments                                       | 70,385                |                      |
| Receivables                                       | 15,435                | 21,147               |
| Due from other funds                              | 21,076                |                      |
| Prepaid expenses                                  | <u>1,553</u>          |                      |
| Total Current Assets                              | \$ 329,251            | \$ 54,182            |
| Noncurrent Assets:                                |                       |                      |
| Due from other funds                              | \$ 43,000             |                      |
| Capital assets, net of accumulated depreciation   | <u>902,102</u>        | <u>\$ 23,000</u>     |
|   | <u>\$ 945,102</u>     | <u>\$ 23,000</u>     |
| Total Assets                                      | <u>\$ 1,274,353</u>   | <u>\$ 77,182</u>     |
| <b>LIABILITIES</b>                                |                       |                      |
| Current liabilities:                              |                       |                      |
| Accounts payable                                  | \$ 2,168              | \$ 7,953             |
| Due other funds                                   |                       | 16,000               |
| Other current liabilities                         | 5,571                 |                      |
| Current portion of long term liabilities          | <u>21,000</u>         | <u>287</u>           |
| Total Current Liabilities                         | \$ 28,739             | \$ 24,240            |
| Long-term liabilities, net of current portion     | <u>477,779</u>        | <u>43,000</u>        |
| Total Liabilities                                 | <u>\$ 506,518</u>     | <u>\$ 67,240</u>     |
| <b>NET ASSETS</b>                                 |                       |                      |
| Investment in capital assets, net of related debt | \$ 402,449            | \$ (36,000)          |
| Unrestricted                                      | <u>365,386</u>        | <u>45,942</u>        |
| Total Net Assets                                  | <u>\$ 767,835</u>     | <u>\$ 9,942</u>      |

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Government-wide Financial Statements – Condensed Financial Information (Continued)

### Statement of Net Assets (Continued)

The Township's total net assets are \$777,941 and \$777,777 at March 31, 2007 and 2006, respectively. Capital assets, net of related debt are \$307,424 and \$402,449 at March 31, 2007 and 2006, respectively. This figure is derived by taking the original cost of the Township's assets, subtracting accumulated depreciation to date and comparing this figure to the amount of long-term debt used to finance the acquisition of those assets.

The total unrestricted net assets are \$470,517 and \$375,328 as of March 31, 2007 and 2006, respectively. This is the net accumulated result of the current and past years' operations. The nature of the Township's operations is based on property taxes, charges for services, state aid, federal grants and local funds received to fund various programs. The balance in the unrestricted net assets shows that the Township has an ample amount of assets to fund liabilities.

The Water fund reports unrestricted net assets of \$33,313 and \$45,942 as of March 31, 2007 and 2006, respectively. The investment in capital assets, net of related debt is in a deficit of \$12,000 and \$36,000 as of March 31, 2007 and 2006, respectively.

### Statement of Activities

The results of operations for the Township as a whole are reported in the statement of activities. The statements below report the changes in net assets for the fiscal year.

|  | <u>Year ended March 31, 2007</u> |                                 |
|--|----------------------------------|---------------------------------|
|  | <u>Governmental Activities</u>   | <u>Business-Type Activities</u> |
| Revenue:                               |                                  |                                 |
| Program Revenues:                      |                                  |                                 |
| Charges for services                   | \$ 4,731                         | \$ 73,478                       |
| Operating grants and contributions     | 291                              |                                 |
| General Revenues:                      |                                  |                                 |
| Property taxes                         | 144,985                          |                                 |
| State and federal grants               | 32,960                           |                                 |
| Other                                  | 6,231                            | 385                             |
| Total Revenue                          | \$ 189,198                       | \$ 73,863                       |
| Program expenses:                      |                                  |                                 |
| Governmental activities                | 195,393                          |                                 |
| Business-type activities               |                                  | 55,534                          |
| Transfers                              | 6,958                            | (6,958)                         |
| Special items - land sale and donation | (11,970)                         |                                 |
| Increase (Decrease) in Net Assets      | \$ (11,207)                      | \$ 11,371                       |

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Government-wide Financial Statements – Condensed Financial Information (Continued)

### Statement of Activities (Continued)

|                                    |    | <u>Year ended March 31, 2006</u> |                      |
|------------------------------------|----|----------------------------------|----------------------|
|                                    |    | <u>Governmental</u>              | <u>Business-Type</u> |
|                                    |    | <u>Activities</u>                | <u>Activities</u>    |
| Revenue:                           |    |                                  |                      |
| Program Revenues:                  |    |                                  |                      |
| Charges for services               | \$ | 5,016                            | \$ 73,055            |
| Operating grants and contributions |    | 1,981                            |                      |
| General Revenues:                  |    |                                  |                      |
| Property taxes                     |    | 154,361                          |                      |
| State and federal grants           |    | 35,876                           |                      |
| Other                              |    | <u>7,671</u>                     | <u>416</u>           |
| Total Revenue                      | \$ | 204,905                          | \$ 73,471            |
| Program expenses:                  |    |                                  |                      |
| Governmental activities            |    | 198,565                          |                      |
| Business-type activities           |    | <u></u>                          | <u>55,779</u>        |
| Increase in Net Assets             | \$ | <u>6,340</u>                     | \$ <u>17,692</u>     |

The Township had an overall increase in net assets of \$164 for the year ended March 31, 2007, consisting of a decrease in governmental activities of \$11,207 and an increase in business-type activities of \$11,371. The Township had an overall increase in net assets of \$24,032 for the year ended March 31, 2006, consisting of an increase in governmental activities of \$6,340 and an increase in business-type activities of \$18,017. Depreciation expense of \$25,245 was charged each year to governmental activities for the years ended March 31, 2007 and 2006.

The Township's total revenues were \$263,061 and \$278,376 for the years ended March 31, 2007 and 2006, respectively. The decrease in revenues was due to a reduction in property taxes and state revenues.

The Township's total cost to fund governmental activities was \$195,393, and business-type activities was \$55,534 for the year ended March 31, 2007. The Township's total cost to fund governmental activities was \$198,565, and business-type activities was \$55,779 for the year ended March 31, 2006.

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Activities (Continued)

A majority of these costs were funded by property taxes, charges for services and state grants. This shows the Township has reliance on property taxes and grants to provide future funding for its programs and administrative costs.

**Governmental Fund Budgetary Items**

During the year, the Township did not amend its original General Fund budget or Special Revenue Fund budget. A schedule showing the Township's original budget, final budget and the actual results are included as required supplementary information in the financial section of the audit report. There were several budget violations noted as significant deficiencies.

**Capital Assets**

At March 31, 2007, the Township had \$810,485 invested in capital assets, net of accumulated depreciation. Governmental activities reported a cost of \$1,393,639 at March 31, 2007 with accumulated depreciation of \$606,154. Governmental activities reported additions of \$5,628 for approximately 2 acres of land donated to the Township, subtractions of \$95,000 due to the sale of land in the renaissance zone, and depreciation charges of \$25,245 during the current year. The business-type activities reported no changes in the capital asset balances.

**Debt**

The Township had \$477,779 of long-term liabilities at March 31, 2007 compared to \$498,779 of long-term liabilities at March 31, 2006. The reduction includes principal of \$21,000 paid on various notes payable related to economic development projects with the State of Michigan and other local non-profit and governmental agencies. Detail of the notes can be found in Note G to the financial statements.

### **Future Considerations**

The Township has adopted a balanced budget for the upcoming fiscal year that should not over expend its funding and leave the Township with a positive Fund Balance. The Water Fund continues to generate a positive cash flow that allowed the Water Fund to pay back \$24,000 of the amount due on a promissory note to the General Fund for prior year advances.

On May 10, 2007, the Board granted a franchise of the water utility system to the Gogebic Range Water Authority effective July 1, 2007. The franchise gives the Gogebic Range Water Authority the rights to construct, operate and maintain a water supply and distribution system within the Indianhead Ski Resort area of the Township. The initial term of the franchise is 30 years with the option to renew for additional ten-year periods.

The Township has entered into a lease-purchase agreement for the speculation building located in the Planter Road Renaissance zone. At the end of the four-year term, the Township will realize \$364,829 from this agreement. The infrastructure loan due to the State of Michigan for the project was to be due on August 1, 2007. Since circumstances have now changed with the lease-purchase of the building, the Township has applied and has been granted a one-year extension with a second year option of that loan. The extension will allow the expanding business to create qualified jobs that will count towards the payoff of the loan.

### **Contacting the Township**

If you have any questions about this report or need additional information, contact the Township offices at Township of Wakefield, P.O. Box 164, Wakefield, MI 49968; telephone number (906) 224-8551 or our website at [www.wakefieldtownship.com](http://www.wakefieldtownship.com).

BASIC  
FINANCIAL  
STATEMENTS

STATEMENT OF NET ASSETS  
TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2007

|   | Governmental<br>Activities | Business-Type<br>Activities |
|---|----------------------------|-----------------------------|
| ASSETS  |                            |                             |
| Current Assets:                                 |                            |                             |
| Cash  | \$ 334,042                 | \$ 20,134                   |
| Investments                                     | 71,988                     |                             |
| Receivables:                                    |                            |                             |
| Delinquent property taxes                       | 15,260                     |                             |
| Accounts  |                            | 20,500                      |
| Due from other funds                            | 13,076                     |                             |
| Prepaid expenses                                | <u>1,553</u>               |                             |
| Total Current Assets                            | \$ 435,919                 | \$ 40,634                   |
| Noncurrent Assets:                              |                            |                             |
| Due from other funds                            | \$ 27,000                  |                             |
| Capital assets, net of accumulated depreciation | <u>787,485</u>             | <u>\$ 23,000</u>            |
|   | <u>\$ 814,485</u>          | <u>\$ 23,000</u>            |
| Total Assets                                    | <u>\$ 1,250,404</u>        | <u>\$ 63,634</u>            |
| LIABILITIES                                     |                            |                             |
| Current Liabilities:                            |                            |                             |
| Accounts payable                                | \$ 2,957                   | \$ 7,034                    |
| Accrued wages and payroll taxes                 | 5,758                      | 287                         |
| Deferred revenue                                | 5,000                      |                             |
| Accrued interest                                | 2,282                      |                             |
| Due other funds                                 |                            | 8,000                       |
| Current portion of loans payable                | <u>14,779</u>              |                             |
| Total Current Liabilities                       | \$ 30,776                  | \$ 15,321                   |
| Long-term liabilities:                          |                            |                             |
| Due other funds                                 |                            | \$ 27,000                   |
| Loans payable, less current portion             | <u>\$ 463,000</u>          |                             |
|   | <u>\$ 463,000</u>          | <u>\$ 27,000</u>            |
| Total Liabilities                               | <u>\$ 493,776</u>          | <u>\$ 42,321</u>            |
| NET ASSETS                                      |                            |                             |
| Invested in capital assets, net of related debt | \$ 307,424                 | \$ (12,000)                 |
| Unrestricted                                    | <u>449,204</u>             | <u>33,313</u>               |
| Total Net Assets                                | <u>\$ 756,628</u>          | <u>\$ 21,313</u>            |

The accompanying notes are an integral part of the financial statements.



STATEMENT  
TOWNSHIP OF  
Year ended

|                                       |                   | <u>Program Revenues</u> |  |
|---------------------------------------|-------------------|-------------------------|--|
|                                       | Expenses          | Charges for<br>Services | Operating<br>Grants and<br>Contributions |
| Governmental activities:              |                   |                         |  |
| Legislative                           | \$ 11,240         |                         |  |
| General government                    | 63,129            | \$ 3,431                | \$ 291                                   |
| Public safety                         | 7,125             | 1,300                   |  |
| Community and economic development    | 29,247            |                         |  |
| Public works                          | 46,891            |                         |  |
| Parks and recreation                  | 3,560             |                         |  |
| Other functions                       | 33,106            |                         |  |
| Depreciation - unallocated            | <u>1,095</u>      |                         |  |
| Total Governmental Activities         | \$ 195,393        | \$ 4,731                | \$ 291                                   |
| Business-type activities - Water fund | <u>55,534</u>     | <u>73,478</u>           |  |
| Total                                 | <u>\$ 250,927</u> | <u>\$ 78,209</u>        | <u>\$ 291</u>                            |

General revenues:

    Taxes  
    State and federal grants  
    Interest and rents  
Transfers

Total General Revenues and Transfers

Special items:

    Loss on sale of land  
    Donation of land at fair market value

Total Special Items

Change in Net Assets

Net assets at April 1, 2006

Net assets at March 31, 2007

The accompanying notes are an integral part of the  
financial statements.

OF ACTIVITIES

WAKEFIELD, MICHIGAN

March 31, 2007

| <hr/> Net (Expense) Revenue and<br>Changes in Net Assets<br><hr/> |                             |                    |
|---|-----------------------------|--------------------|
| Governmental<br>Activities  | Business-type<br>Activities | Total              |
| <hr/>   |                             |                    |
| \$ (11,240)   |                             | \$ (11,240)        |
| (59,407)  |                             | (59,407)           |
| (5,825)   |                             | (5,825)            |
| (29,247)  |                             | (29,247)           |
| (46,891)  |                             | (46,891)           |
| (3,560)   |                             | (3,560)            |
| (33,106)  |                             | (33,106)           |
| <u>(1,095)</u>  |                             | <u>(1,095)</u>     |
| \$ (190,371)  |                             | \$ (190,371)       |
| <u>          </u>   | \$ 17,944                   | <u>17,944</u>      |
| \$ (190,371)  | \$ 17,944                   | \$ (172,427)       |
| <br>  |                             |                    |
| \$ 144,985  |                             | \$ 144,985         |
| 32,960  |                             | 32,960             |
| 6,231   | \$ 385                      | 6,616              |
| <u>6,958</u>  | <u>(6,958)</u>              | <u>          </u>  |
| \$ 191,134  | \$ (6,573)                  | \$ 184,561         |
| <br>  |                             |                    |
| \$ (17,598)   |                             | \$ (17,598)        |
| <u>5,628</u>  |                             | <u>5,628</u>       |
| \$ <u>(11,970)</u>  |                             | \$ <u>(11,970)</u> |
| <br>  |                             |                    |
| \$ (11,207)   | \$ 11,371                   | \$ 164             |
| <u>767,835</u>  | <u>9,942</u>                | <u>777,777</u>     |
| <br>  |                             |                    |
| <u>\$ 756,628</u>   | <u>\$ 21,313</u>            | <u>\$ 777,941</u>  |

BALANCE SHEET - GOVERNMENTAL FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2007

|                                      | General           | Special<br>Revenue | Nonmajor<br>Capital<br>Project | Totals<br>Governmental<br>Funds |
|--------------------------------------|-------------------|--------------------|--------------------------------|---------------------------------|
| ASSETS                               |                   |                    |                                |                                 |
| Cash                                 | \$ 301,410        | \$ 14,501          | \$ 18,131                      | \$ 334,042                      |
| Investments                          | 71,988            |                    |                                | 71,988                          |
| Delinquent property taxes receivable | 15,260            |                    |                                | 15,260                          |
| Due from other funds                 | 40,076            |                    |                                | 40,076                          |
| Prepaid expenses                     | <u>1,553</u>      |                    |                                | <u>1,553</u>                    |
|                                      | <u>\$ 430,287</u> | <u>\$ 14,501</u>   | <u>\$ 18,131</u>               | <u>\$ 462,919</u>               |
| LIABILITIES AND FUND EQUITY          |                   |                    |                                |                                 |
| Liabilities:                         |                   |                    |                                |                                 |
| Accounts payable                     | \$ 1,775          | \$ 1,182           |                                | \$ 2,957                        |
| Accrued wages and payroll taxes      | 5,758             |                    |                                | 5,758                           |
| Deferred revenue                     |                   | <u>5,000</u>       |                                | <u>5,000</u>                    |
| Total Liabilities                    | \$ 7,533          | \$ 6,182           |                                | \$ 13,715                       |
| Fund equity:                         |                   |                    |                                |                                 |
| Fund balances:                       |                   |                    |                                |                                 |
| Reserved:                            |                   |                    |                                |                                 |
| For prepaid expenses                 | \$ 1,553          |                    |                                | \$ 1,553                        |
| For long-term receivable             | 27,000            |                    |                                | 27,000                          |
| For construction                     |                   |                    | \$ 18,131                      | 18,131                          |
| Designated by board                  | 85,000            |                    |                                | 85,000                          |
| Unreserved                           | <u>309,201</u>    | <u>\$ 8,319</u>    |                                | <u>317,520</u>                  |
| Total Fund Equity                    | <u>\$ 422,754</u> | <u>\$ 8,319</u>    | <u>\$ 18,131</u>               | <u>\$ 449,204</u>               |
|                                      | <u>\$ 430,287</u> | <u>\$ 14,501</u>   | <u>\$ 18,131</u>               | <u>\$ 462,919</u>               |

The accompanying notes are an integral part of the financial statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
TOWNSHIP OF WAKEFIELD, MICHIGAN  
March 31, 2007

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|  |            |
|--|------------|
| Total fund equity of governmental activities | \$ 449,204 |
|--|------------|

Amounts reported for governmental activities in the statement of net assets are different because:

Additions:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

|                          |                  |         |
|--------------------------|------------------|---------|
| Cost of capital assets   | \$ 1,393,639     |         |
| Accumulated depreciation | <u>(606,154)</u> | 787,485 |

Reductions:

Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds.

Note payable to:

|                         |               |           |
|-------------------------|---------------|-----------|
| Michigan Job Commission | \$ 39,750     |           |
| Michigan Strategic Fund | 426,250       |           |
| Forward Wakefield       | <u>11,779</u> | (477,779) |

|  |                |
|--|----------------|
| Accrued interest payable is not included as a liability in governmental activities | <u>(2,282)</u> |
|--|----------------|

|   |                   |
|---|-------------------|
| Total net assets of governmental activities | <u>\$ 756,628</u> |
|---|-------------------|

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

|   | General           | Special<br>Revenue | Nonmajor<br>Capital<br>Project | Total<br>Governmental<br>Funds |
|---|-------------------|--------------------|--------------------------------|--------------------------------|
| Revenues:   |                   |                    |                                |                                |
| Taxes   | \$ 144,985        |                    |                                | \$ 144,985                     |
| Licenses and permits  | 1,300             |                    |                                | 1,300                          |
| Federal grants  | 6,250             |                    |                                | 6,250                          |
| State grants  | 26,710            |                    |                                | 26,710                         |
| Charges for services  | 3,431             |                    |                                | 3,431                          |
| Interest and rents  | 5,948             | \$ 283             |                                | 6,231                          |
| Other revenues  | <u>291</u>        |                    |                                | <u>291</u>                     |
| TOTAL REVENUES  | \$ 188,915        | \$ 283             | \$ 0                           | \$ 189,198                     |
| Expenditures:   |                   |                    |                                |                                |
| Current:  |                   |                    |                                |                                |
| Legislative   | \$ 11,240         |                    |                                | \$ 11,240                      |
| General government  | 63,129            |                    |                                | 63,129                         |
| Public safety   | 7,125             |                    |                                | 7,125                          |
| Community and economic development  | 1,979             | \$ 1,710           |                                | 3,689                          |
| Public works  | 46,891            |                    |                                | 46,891                         |
| Parks and recreation  | 3,560             |                    |                                | 3,560                          |
| Other   | 33,106            |                    |                                | 33,106                         |
| Debt service - principal  | <u>21,000</u>     | <u>21,000</u>      |                                | <u>21,000</u>                  |
| TOTAL EXPENDITURES  | \$ 167,030        | \$ 22,710          | \$ 0                           | \$ 189,740                     |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES                                | \$ 21,885         | \$ (22,427)        | \$ 0                           | \$ (542)                       |
| OTHER FINANCING SOURCES   |                   |                    |                                |                                |
| Operating transfer in   | \$ 6,958          |                    |                                | \$ 6,958                       |
| Proceeds from sale of land  | <u>77,402</u>     |                    |                                | <u>77,402</u>                  |
|   | \$ 84,360         |                    |                                | \$ 84,360                      |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER FINANCING SOURCES<br>OVER EXPENDITURES | \$ 106,245        | \$ (22,427)        | \$ 0                           | \$ 83,818                      |
| Fund balance at April 1, 2006   | <u>316,509</u>    | <u>30,746</u>      | <u>18,131</u>                  | <u>365,386</u>                 |
| FUND BALANCE AT MARCH 31, 2007  | <u>\$ 422,754</u> | <u>\$ 8,319</u>    | <u>\$ 18,131</u>               | <u>\$ 449,204</u>              |

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2007

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|  |           |
|--|-----------|
| Total net change in fund balances - governmental funds | \$ 83,818 |
|--|-----------|

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or construct capital assets are reported as expenditures in governmental funds. For governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

|                      |                 |          |
|----------------------|-----------------|----------|
| Capital outlays      | \$ 0            |          |
| Depreciation expense | <u>(25,245)</u> | (25,245) |

|   |        |
|---|--------|
| Repayment of loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not effect the statement of activities. | 21,000 |
|---|--------|

|   |         |
|---|---------|
| Interest on long-term liabilities in the statement of activities is recorded as an expense as the interest is incurred. In the governmental funds, interest is recorded as an expenditure in the funds when it is paid. Interest recorded in the statement of activities is more due to the change in accrued interest from the prior year. | (1,408) |
|---|---------|

|   |          |
|---|----------|
| Proceeds from the sale of assets is recorded as an other financing source in the year of sale for governmental funds. In the statement of activities, the difference between the sales proceeds and the net book value of the asset sold is recorded as a gain or loss. | (95,000) |
|---|----------|

|  |              |
|--|--------------|
| Donation of land recorded at fair market value for the statement of net assets | <u>5,628</u> |
|--|--------------|

|   |                    |
|---|--------------------|
| Change in net assets of governmental activities | <u>\$ (11,207)</u> |
|---|--------------------|

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
 PROPRIETARY FUND - WATER FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

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|                                    |                                   |                  |
|------------------------------------|-----------------------------------|------------------|
| Operating revenue:                 |                                   |                  |
| Charges for services:              |                                   |                  |
| Water sales                        | \$                                | 66,706           |
| Garbage collection                 |                                   | <u>6,772</u>     |
|                                    | \$                                | 73,478           |
| Operating expenses:                |                                   |                  |
| Water purchases                    | \$                                | 28,576           |
| Materials and supplies             |                                   | 662              |
| Repairs and maintenance            |                                   | 7,794            |
| GRWA contributions                 |                                   | 4,817            |
| Utilities                          |                                   | <u>9,383</u>     |
|                                    |                                   | 51,232           |
| Administrative expenses:           |                                   |                  |
| Salary and wages                   | \$                                | 1,307            |
| Office supplies                    |                                   | 356              |
| Professional fees                  |                                   | 1,600            |
| Dues and fees                      |                                   | <u>553</u>       |
|                                    |                                   | <u>3,816</u>     |
|                                    | \$                                | <u>55,048</u>    |
|                                    | OPERATING INCOME                  | \$ 18,430        |
| Nonoperating revenue (expenses):   |                                   |                  |
| Interest earned                    | \$                                | 385              |
| Debt service - interest            |                                   | <u>(486)</u>     |
|                                    |                                   | (101)            |
|                                    | INCOME BEFORE OPERATING TRANSFERS | \$ 18,329        |
| Operating transfers to other funds |                                   | <u>(6,958)</u>   |
|                                    | CHANGE IN NET ASSETS              | \$ 11,371        |
| Net assets at April 1, 2006        |                                   | <u>9,942</u>     |
|                                    | NET ASSETS AT MARCH 31, 2007      | <u>\$ 21,313</u> |

The accompanying notes are an integral part of the  
 financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND -  
WATER FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

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|   |                        |                  |
|---|------------------------|------------------|
| Cash flows from operating activities:   |                        |                  |
| Cash received from customers  | \$                     | 74,125           |
| Cash paid to suppliers and employees for<br>goods and services                                      |                        | <u>(55,967)</u>  |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | \$                     | 18,158           |
| Cash flows from noncapital financing activities:  |                        |                  |
| Operating transfers to other fund   | \$                     | (6,958)          |
| Repayment of advance from other fund  |                        | (24,000)         |
| Interest paid on advance from other fund  |                        | <u>(486)</u>     |
| NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES  | \$                     | (31,444)         |
| Cash flows from investing activities - interest earned  |                        | <u>385</u>       |
|   | NET DECREASE IN CASH   | \$ (12,901)      |
| Cash at April 1, 2006   |                        | <u>33,035</u>    |
|   | CASH AT MARCH 31, 2007 | <u>\$ 20,134</u> |
| Reconciliation of operating income to net cash<br>provided by (used in) operating activities:       |                        |                  |
| Operating income  | \$                     | 18,430           |
| Adjustment to reconcile operating income to net cash<br>provided by (used in) operating activities: |                        |                  |
| Decrease in customer accounts receivable  | \$                     | 647              |
| (Decrease) in accounts payable  |                        | <u>(919)</u>     |
|   |                        | <u>(272)</u>     |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | \$                     | <u>18,158</u>    |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION -   |                        |                  |
| Cash payments for interest  | \$                     | 486              |

The accompanying notes are an integral part of the  
financial statements.



STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2007

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| ASSET                  |                  |
|------------------------|------------------|
| Cash in bank           | <u>\$ 53,701</u> |
|                        |                  |
| LIABILITIES            |                  |
| Due General Fund       | \$ 5,076         |
| Due Federal government | 44               |
| Due State of Michigan  | 32,262           |
| Due Gogebic County     | 10,692           |
| Due to schools         | <u>5,627</u>     |
|                        | <u>\$ 53,701</u> |

The accompanying notes are an integral part  
of the financial statements.

NOTES  
TO  
FINANCIAL  
STATEMENTS

NOTES TO FINANCIAL STATEMENTS  
TOWNSHIP OF WAKEFIELD, MICHIGAN  
March 31, 2007

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Wakefield operates under an elected Board of Trustees. The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township's accounting policies are described below.

Financial Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the Township financial-reporting entity. The criteria established for determining the various governmental organizations to be included as component units in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships.

On this basis, the financial statements of the local school district are not included as a component unit in the financial statements of the Township. Educational services are provided to citizens through the local school district, which is a separate governmental entity.

Basis of Presentation

Government-wide Financial Statements

The Township government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. The Township General Fund, Special Revenue Fund and Capital Project Fund are considered to be governmental activities and its enterprise fund a business-type activity. Interfund activity including operating transfers between activities has been eliminated in the Government-wide financial statements, except for operating transfers between governmental activities and business-type activities.

Fund-based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental, business-type and fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or nonmajor funds. The Township reports the General Fund, Special Revenue Fund and Water Fund as major funds. The Capital Project Fund is a nonmajor fund.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

#### Fund-based Financial Statements (Continued)

##### Governmental Fund Types

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state and federal grants and various local sources.

Special Revenue Fund - is used by the Township to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Township has one special revenue fund which is used to account for financial resources from the lease and sale of a building the Township constructed with grant and local funding located in a renaissance zone of the Township as established by the State of Michigan.

Capital Project Fund – is used to account for financial resources to be used for a building and infrastructure improvements in the renaissance zone funded by a Community Development Block Grant through the Michigan Economic Development Corporation including the local match required.

##### Proprietary Fund Type

These funds account for operations that are organized to be self-supporting through user charges and include the Water Fund.

Water Fund - is used to account for operations that provide water services, in a manner similar to private business enterprises, where the intent of the Township is that the expenses of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Township also uses the fund for billing and collection of a garbage collection fee the Township implemented during the year ended March 31, 2007. The garbage collection fee is transferred to the General Fund.

##### Fiduciary Fund Type

Agency Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. These include the Trust and

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

##### Fund-based Financial Statements (Continued)

###### Fiduciary Fund Type (Continued)

Agency and Tax Collection funds. These funds are custodial in nature and do not involve measurement of results of operations.

#### Basis of Accounting

##### Government-wide Financial Statements

The Government-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the Township's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the Township provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state and federal aid and other revenues that are not program revenues are reported as general revenues.

##### Fund-based Financial Statements

Governmental fund types and Agency Funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when all applicable eligibility requirements are met and resources are available (often referred to as "susceptible to accrual"). Revenues are available when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The Township considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Grants, entitlements and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when all applicable eligibility requirements of the grants are met and resources are available. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting (Continued)

##### Fund-based Financial Statements (Continued)

Proprietary fund types use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises; revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the Township applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

#### Budgets and the Budgetary Process

The Township Board adopts an annual operating budget, which can be amended by the Board throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township. Legal budgets are adopted for the General Fund and Special Revenue Fund. The budgets are adopted on the same basis of accounting as is used to reflect actual revenues and expenditures.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Township Board, budgetary transfers between departments can be made. The budgeted financial statements represented in this report reflect the final budget authorization and all budget amendments approved by the Board during the year. Budgets are adopted on the functional level and lapse at the end of the year.

#### Investments

Investments include certificates of deposit in local financial institutions with maturity dates greater than 90 days and are stated at fair market value, which is equal to cost.

#### Receivables

Credit is extended to customers of the Water Fund. All receivables are reported at their gross values. No allowance for uncollectible accounts is included in the financial statements as all receivables are deemed to be collectible at March 31, 2007.

#### Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investment in Capital Assets, Net of Related Debt

This is a portion of net assets of the Township that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

#### Restricted Net Assets

Net assets are restricted when there are constraints placed on their use by external parties or by statute. The Township had no restricted net assets at March 31, 2007.

#### Unrestricted Net Assets

Net assets not meeting either criteria above are considered unrestricted.

#### Capital Assets and Depreciation

Capital assets include land and improvements, buildings, furniture and fixtures and equipment and are reported in the Government-wide financial statements. Capital assets are defined by the Township as assets with an acquisition cost of generally more than \$5,000 or betterments totaling \$10,000 with an estimated useful life in excess of five years. Assets meeting this criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets are not included in capital assets. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the Government-wide Statement of Activities and included as a direct expense of an identifiable function if the assets sole purpose can be identified as being for that function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

The capital assets are depreciated using the straight-line method over the following useful lives:

|  |                 |
|--|-----------------|
| Land                                     | Not depreciated |
| Buildings and improvements               | 30-50 years     |
| Office furniture, fixtures and equipment | 5-20 years      |

#### Long-Term Liabilities

The Township reports the financing proceeds of infrastructure improvements as provided by the Community Development Block Grant program through the State of Michigan and a loan payable to a non-profit corporation in the government-wide financial statements as liabilities of the governmental activities.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Equity

The unreserved fund equity for governmental funds represent the amount available for budgeting future operations. The reserved fund equity for governmental funds represents amounts reserved for specific purposes.

#### Property Tax Revenues

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 of the ensuing year with the final collection date of February 28 before they are added to the delinquent rolls. The Township records property taxes as revenue as collections are made; when monies are available for use to finance Township operations. Delinquent real property taxes of the Township and all other local units are purchased annually by the County.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Public Act 621 of 1978 Disclosures

Public Act 621 of 1978 requires local units of government to prepare and to monitor their fiscal year budgets in accordance therewith. The Act provides that a Township must amend its budget if it becomes apparent that the Township's actual revenues will deviate from those budgeted, or if the Township's expenditures will exceed the amounts appropriated. During the year ended March 31, 2007, the Township budget included several revenue sources over actual amounts received.



# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE C - CASH

All deposits were made either in banks insured by federal depository insurance or in a local credit union insured by the national credit union administration. Deposits were made in accordance with State of Michigan statutes and under authorization of the Township Board.

At March 31, 2007, total cash as reported by banks and credit union amounted to \$494,546. \$285,498 was covered by depository insurance, and \$209,048 exceeded coverage limits.

## NOTE D - ACCOUNTS RECEIVABLE

Proprietary fund accounts receivable at March 31, 2007, consisted of customer accounts receivable for water services and totaled \$20,500.

## NOTE E - PROPERTY TAXES

One taxpayer accounts for approximately 39 percent of the assessed valuation and tax levy of the Township.

Costs incurred for administrative costs in assessing and collecting property taxes exceeded receipts from charging the property tax administrative fee.

A summary of the 2006 tax roll follows:

|                              | <u>Mills</u>   | <u>Levy</u>         | <u>Taxes<br/>Returned<br/>Delinquent</u> | <u>Net Tax<br/>Collections</u> |
|------------------------------|----------------|---------------------|--|--------------------------------|
| Intermediate School District | 3.3004         | \$ 89,542           | \$ 9,415                                 | \$ 80,127                      |
| County                       | 11.2324        | 304,710             | 33,413                                   | 271,297                        |
| State Education Tax          | 6.0000         | 163,016             | 17,008                                   | 146,008                        |
| School                       | 20.5552        | 456,041             | 8,932                                    | 447,109                        |
| Township                     | <u>4.4343</u>  | <u>120,620</u>      | <u>15,260</u>                            | <u>105,360</u>                 |
| TOTALS                       | <u>45.5223</u> | <u>\$ 1,133,929</u> | <u>\$ 84,028</u>                         | <u>\$ 1,049,901</u>            |
| Taxable valuation:           |                |                     |  |                                |
| Homestead                    |                |                     |  | \$ 3,540,013                   |
| Non-homestead                |                |                     |  | 22,607,418                     |
| Renaissance zone             |                |                     |  | <u>1,000,082</u>               |
|                              |                |                     |  | <u>\$ 27,147,513</u>           |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE F – CAPITAL ASSETS

Following is a summary of changes in capital assets during the year ended March 31, 2007:

|  | Balance at<br>April 1,<br><u>2006</u> | <u>Additions</u>   | <u>Disposals</u> | Balance at<br>March 31,<br><u>2007</u> |
|--|---------------------------------------|--------------------|------------------|--|
| <u>Governmental Activities</u>           |                                       |                    |                  |  |
| Assets:                                  |                                       |                    |                  |  |
| Land                                     | \$ 211,620                            | \$ 5,628           | \$ 95,000        | \$ 122,248                             |
| Buildings and improvements               | 1,243,620                             |                    |                  | 1,243,620                              |
| Office furniture, fixtures and equipment | <u>27,771</u>                         |                    |                  | <u>27,771</u>                          |
|  | \$1,483,011                           | \$ 5,628           | \$ 95,000        | \$1,393,639                            |
| Less accumulated depreciation            | <u>580,909</u>                        | <u>25,245</u>      |                  | <u>606,154</u>                         |
| Net                                      | \$ 902,102                            | \$ (19,617)        | \$ 95,000        | \$ 787,485                             |
| <u>Business-type Activities</u>          |                                       |                    |                  |  |
| Water Fund:                              |                                       |                    |                  |  |
| Water distribution system                | \$ 712,000                            |                    |                  | \$ 712,000                             |
| Less accumulated depreciation            | <u>689,000</u>                        |                    |                  | <u>689,000</u>                         |
| Net                                      | \$ <u>23,000</u>                      | \$ <u>0</u>        | \$ <u>0</u>      | \$ <u>23,000</u>                       |
| TOTAL GOVERNMENT                         | \$ <u>925,102</u>                     | \$ <u>(19,617)</u> | \$ <u>95,000</u> | \$ <u>810,485</u>                      |

Depreciation expense of \$24,150 is charged to economic development activities and \$1,095 is unallocated.

## NOTE G – LONG-TERM LIABILITIES

The loan from Michigan Job Commission, Community Development Block Grant (CDBG) funds, dated June 1998 for infrastructure improvements and building in a Renaissance Zone Industrial Park, bears an interest rate of zero percent and requires quarterly payments of \$750 beginning on September 1, 2005. The loan period is 15 years with final payment scheduled for June 1, 2020. Four payments totaling \$3,000 were paid as required for the year ended March 31, 2007.

The loan from Michigan Strategic Fund, CDBG Funds, dated August 2002 for additional infrastructure improvements and building in a Renaissance Zone Industrial Park, bears an interest rate of zero percent and requires no payments for first two years. Up to 100% of the loan may be forgiven at the rate of \$10,000 per job created. The loan period is ten years. The original term of the project was from August 1, 2002 to July 31, 2007, with a one-year extension granted by the State of Michigan to July 31, 2008, with an optional second year.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE G – LONG-TERM LIABILITIES (CONTINUED)

The loan from Forward Wakefield, dated January 2003 to provide local matching dollars for the latest Renaissance Zone Industrial Park building, bears an interest rate of 6.9% and requires monthly payments of principal only in the amount of \$1,500 beginning in December of 2005 with final payment scheduled for November 2007 at which time all accrued interest on the loan is due. Principal payments of \$18,000 were made on this loan during the year ended March 31, 2007. Accrued interest on this loan totals \$2,282 at March 31, 2007.

The Township commitments under these loans are further explained in Note M to the financial statements. Because the Township is unsure of the payment requirements on the Michigan Strategic Fund loan, the 5-year schedule of debt payments to maturity does not include this loan.

Following is a summary of changes in long-term liabilities during the year ended March 31, 2007:

|                                      | Balance at<br>April 1,<br>2006 | Additions   | Reductions       | Balance at<br>March 31,<br>2007 | Current<br>portion |
|--------------------------------------|--------------------------------|-------------|------------------|---------------------------------|--------------------|
| General Long Term Debt: (see Note M) |                                |             |                  |                                 |                    |
| Loan from Michigan Job Commission    | \$ 42,750                      |             | \$ 3,000         | \$ 39,750                       | \$ 3,000           |
| Loan from Michigan Strategic Fund    | 426,250                        |             |                  | 426,250                         |                    |
| Loan from Forward Wakefield          | 29,779                         |             | 18,000           | 11,779                          | 11,779             |
|                                      | <u>\$ 498,779</u>              | <u>\$ 0</u> | <u>\$ 21,000</u> | <u>\$ 477,779</u>               | <u>\$ 14,779</u>   |

All future principal and interest payments will be made by the General Fund or Special Revenue Fund as funds permit.

The aggregate amounts of long-term debt principal and interest maturities (excluding the loan from Michigan Strategic Fund) for the five years ending March 31, 2012, and in five-year increments after until maturity are:

|           |          |
|-----------|----------|
| 2008      | \$17,572 |
| 2009      | 3,000    |
| 2010      | 3,000    |
| 2011      | 3,000    |
| 2012      | 3,000    |
| 2013-2017 | 15,000   |
| 2018-2022 | 9,750    |

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE H - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The amounts of interfund receivables and payables at March 31, 2007, were as follows:

| <u>Fund</u> | <u>Interfund<br/>Receivable</u> | <u>Fund</u>                  | <u>Interfund<br/>Payable</u> |
|-------------|---------------------------------|------------------------------|------------------------------|
| General     | \$ 40,076                       | Tax Collection<br>Water Fund | \$ 5,076                     |
|             | <u>          </u>               |                              | <u>35,000</u>                |
|             | <u>\$ 40,076</u>                |                              | <u>\$ 40,076</u>             |

The Water Fund transferred \$6,958 of garbage collection fees to the General Fund during the year ended March 31, 2007.

### NOTE I – FUND BALANCE RESERVES AND DESIGNATIONS

The General Fund, fund balance at March 31, 2007, included a reserve for prepaid expenses of \$1,553 and a long-term receivable from the Water Fund of \$27,000.

The Board has designated \$85,000 of General Fund, fund balance to be used for future economic development or debt service.

The Capital Project Fund, fund balance included a reserve of \$18,131 to be used for final construction costs related to the building constructed in a Renaissance Zone Industrial Park.

### NOTE J – STATE CONSTRUCTION CODE ACT INFORMATION

During the year ended March 31, 2007, the Township collected construction code service fees of \$1,300 and spent over this amount collected for enforcing the code. Because the fee structure is not intended to recover the full cost of enforcement and the Township has the ability to track the full costs and revenues, a separate fund has not been created to account for these monies.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE K - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township has one enterprise fund which provides a water supply system to a portion of the Township's residential and commercial customers. Segment information not reported on in the financial statements for the year ended March 31, 2007, follows:

|   | <u>Water<br/>Supply</u> |
|---|-------------------------|
| Restricted donations and operating grants   | \$ 0                    |
| Operating transfers in (out)  | (6,958)                 |
| Tax revenues  | 0                       |
| Current capital contributions   | 0                       |
| Utility plant:  |                         |
| Additions   | 0                       |
| Deletions   | 0                       |
| Net working capital   | 21,313                  |
| Long-term debt - payable from operating revenues<br>(including portion payable within one year) | 35,000                  |

### NOTE L - RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with no deductible amount.

All risk management activities are accounted for in the General Fund and Enterprise Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2007, will not materially affect the financial condition of the Township. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE M – COMMITMENTS

#### 1998 Agreement

On June 1, 1998, the Township and Gogebic County entered into a \$450,000 economic development financing agreement (the agreement) with the State of Michigan. The agreement provided 50 percent of the monies needed to develop property (the project) in a State designated Renaissance Zone in the Township. The agreement was initially funded with a \$450,000 Community Development Block Grant administered by the Michigan Jobs Commission. The remaining 50 percent was provided by the Lac Vieux Desert Band of Chippewa Indians.

The State offset monies it advanced under the agreement via application of a formula that provided for a \$20,000 reduction for each qualifying new job created, subject to a minimum repayment of 10% of the total financing agreement, or \$45,000. The \$45,000 became a liability of both the Township and Gogebic County on May 31, 2005. See Note G for detail of the repayment terms. The Township and Gogebic County have each pledged all payments they are eligible to receive under 1971 PA 140 as collateral for the loan. The Township has committed to reimbursing the County for any County liability incurred.

#### 2002 Agreement

On August 1, 2002, the Township entered into a \$426,250 economic development financing agreement (the agreement) with the State of Michigan. The agreement provided 100% of the monies needed to design, develop, improve and install infrastructure in a State designated Renaissance Zone in the Township. The agreement was funded with a \$426,250 Community Development Block Grant administered by Michigan Strategic Fund.

The State will offset any monies it advances under the agreement via application of a formula that provides for a \$10,000 reduction for up to 100% of the advances for each qualifying new job created. Any shortfall was to become a liability of the Township at July 31, 2007, the original project end date. The project has been extended for one year to July 31, 2008, with an optional second year.

A repayment schedule will be determined by the State at that time if necessary. The Township has pledged all payments that are eligible under 1971 PA 140 as collateral for any monies not offset by new job creation.

The Township has recorded the full amount of advances of \$426,250 as a long-term liability.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE M – COMMITMENTS (CONTINUED)

#### Loan Payable to Forward Wakefield

The Township allowed their agent, Forward Wakefield (a nonprofit Michigan corporation) to secure the permanent financing of an industrial building construction loan (dated January 22, 2003) in the amount of \$291,239 to provide local dollars to match the latest project undertaken. The building is pledged as collateral for the loan. The Township has committed to relieving the debt although no formal written agreement exists between the Township and Forward Wakefield. The amount is recorded as a long-term liability with a balance of \$11,779 at March 31, 2007.

#### Gogebic Range Solid Waste Management Authority

The Township has entered into a contract with the Gogebic Range Solid Waste Management Authority and the City of Wakefield, whereby the Township has agreed to pay 4.3% of the principal and interest due on \$100,000 of debt outstanding as of June 30, 2002. The principal payments are payable as follows:

|                              |          |
|------------------------------|----------|
| 2002 through 2005, inclusive | \$10,000 |
| 2006 through 2009, inclusive | \$15,000 |

An actual amortization schedule was unavailable for disclosure purposes. The Authority has applied for and was approved for a loan amount of \$476,000 through USDA-RDA. The loan proceeds will be used to retire the outstanding debt plus fund facility and equipment improvements. The Township has pledged its limited tax full faith and credit for prompt and timely payment of its share of obligation outstanding (not less than 4.3% nor more than 4.6%).

It is anticipated that the Authority will establish rates to meet their current and future operation and debt retirement expenditures. The Township has not participated in the past ten years in meeting the Authority obligations.

#### Wakefield Volunteer Fire Department

At March 31, 2007, the Township has committed \$4,750 to be used as part of the local share of a matching grant to aid in the purchase of a fire truck by the Wakefield Volunteer Fire Department.

### NOTE N – TAX TRIBUNAL CASES

The Township is involved in various pending Michigan Tax Tribunal cases. Currently, the Township cannot make an evaluation regarding the likelihood of an unfavorable outcome or an estimate of the amount of potential loss.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE O – SUBSEQUENT EVENTS

On May 10, 2007, the Township Board granted a franchise, for the sum of \$1, of the water utility system to the Gogebic Range Water Authority effective July 1, 2007. The franchise gives the Gogebic Range Water Authority the rights to construct, operate and maintain a water supply and distribution system within the Township. The initial term of the franchise is 30 years with the option to renew for additional ten-year periods.

A letter of intent to enter into a lease-purchase agreement for the building owned by the Township located in the Renaissance Zone was signed August 10, 2007.



REQUIRED  
SUPPLEMENTAL  
INFORMATION

# BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

## TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

|  | Original<br>Budget | Final<br>Budget   | Actual            |
|--|--------------------|-------------------|-------------------|
| Revenues:  |                    |                   |                   |
| Taxes  | \$ 141,500         | \$ 141,500        | \$ 144,985        |
| Licenses and permits   | 1,500              | 1,500             | 1,300             |
| Federal grants   |                    |                   | 6,250             |
| State grants   | 23,000             | 23,000            | 26,710            |
| Charges for services   | 4,000              | 4,000             | 3,431             |
| Interest and rents   | 1,200              | 1,200             | 5,948             |
| Other revenues   | <u>16,325</u>      | <u>16,325</u>     | <u>291</u>        |
| TOTAL REVENUES   | \$ 187,525         | \$ 187,525        | \$ 188,915        |
| Expenditures:  |                    |                   |                   |
| Current:   |                    |                   |                   |
| Legislative  | \$ 11,338          | \$ 11,338         | \$ 11,240         |
| General government   | 77,024             | 77,024            | 63,129            |
| Public safety  | 7,142              | 7,142             | 7,125             |
| Community and economic development                                     | 6,800              | 6,800             | 1,979             |
| Public works   | 56,350             | 56,350            | 46,891            |
| Parks and recreation   | 3,571              | 3,571             | 3,560             |
| Other functions  | 35,300             | 35,300            | 33,106            |
| Capital outlay   | <u>5,000</u>       | <u>5,000</u>      |                   |
| TOTAL EXPENDITURES   | \$ 202,525         | \$ 202,525        | \$ 167,030        |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES                   | \$ (15,000)        | \$ (15,000)       | \$ 21,885         |
| OTHER FINANCING SOURCES  |                    |                   |                   |
| Operating transfer in  | \$ 15,000          | \$ 15,000         | \$ 6,958          |
| Proceeds from sale of land   |                    |                   | <u>77,402</u>     |
|  | <u>\$ 15,000</u>   | <u>\$ 15,000</u>  | <u>\$ 84,360</u>  |
| EXCESS OF REVENUES OVER<br>EXPENDITURES AND OTHER<br>FINANCING SOURCES | \$ 0               | \$ 0              | \$ 106,245        |
| Fund balance at April 1, 2006  | <u>316,509</u>     | <u>316,509</u>    | <u>316,509</u>    |
| FUND BALANCE AT MARCH 31, 2007   | <u>\$ 316,509</u>  | <u>\$ 316,509</u> | <u>\$ 422,754</u> |

The accompanying notes are an integral part of the financial statements.

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

|   | Original<br>Budget | Final<br>Budget | Actual      |
|---|--------------------|-----------------|-------------|
| Revenues:                                   |                    |                 |             |
| Interest and rents                          | \$ 300             | \$ 300          | \$ 283      |
| Other revenues                              |                    |                 |             |
| TOTAL REVENUES                              | \$ 300             | \$ 300          | \$ 283      |
| Expenditures:                               |                    |                 |             |
| Current - economic development              | \$ 1,500           | \$ 1,500        | \$ 1,710    |
| Debt service - principal                    | 21,000             | 21,000          | 21,000      |
| TOTAL EXPENDITURES                          | \$ 22,500          | \$ 22,500       | \$ 22,710   |
| DEFICIENCY OF REVENUES<br>OVER EXPENDITURES | \$ (22,200)        | \$ (22,200)     | \$ (22,427) |
| Fund balance at April 1, 2006               | 30,746             | 30,746          | 30,746      |
| FUND BALANCE AT MARCH 31, 2007              | \$ 8,546           | \$ 8,546        | \$ 8,319    |

The accompanying notes are an integral part of the financial statements.

OTHER  
FINANCIAL  
INFORMATION

## STATEMENT OF REVENUES - ESTIMATED AND ACTUAL - GENERAL FUND

## TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

|  | Estimated<br>Revenue | Actual<br>Revenue | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------------|-------------------|--|
| Taxes:                                       |                      |                   |  |
| Current property taxes                       | \$ 119,500           | \$ 120,620        | \$ 1,120                               |
| Property tax chargebacks                     |                      | (732)             | (732)                                  |
| Delinquent property taxes                    |                      | 66                | 66                                     |
| Payment in lieu of tax                       |                      | 2,151             | 2,151                                  |
| Commercial forest reserve                    | 10,000               | 9,765             | (235)                                  |
| Swamp tax                                    | 2,000                | 2,087             | 87                                     |
| Property tax administrative fee              | <u>10,000</u>        | <u>11,028</u>     | <u>1,028</u>                           |
|  | \$ 141,500           | \$ 144,985        | \$ 3,485                               |
| Licenses and permits                         | 1,500                | 1,300             | (200)                                  |
| Federal grant - National Forest              |                      | 6,250             | 6,250                                  |
| State grants:                                |                      |                   |  |
| State revenue sharing                        | \$ 20,000            | \$ 25,072         | \$ 5,072                               |
| Metro Authority - P.A. 48 of 2002            | <u>3,000</u>         | <u>1,638</u>      | <u>(1,362)</u>                         |
|  | \$ 23,000            | \$ 26,710         | \$ 3,710                               |
| Charges for services - summer tax collection | 4,000                | 3,431             | (569)                                  |
| Interest and rents:                          |                      |                   |  |
| Interest earned                              | \$ 1,200             | \$ 5,863          | \$ 4,663                               |
| Rents  |                      | <u>85</u>         | <u>85</u>                              |
|  | \$ 1,200             | \$ 5,948          | \$ 4,748                               |
| Other revenues:                              |                      |                   |  |
| Reimbursements                               | \$ 16,325            |                   | \$ (16,325)                            |
| Miscellaneous                                |                      | <u>\$ 291</u>     | <u>291</u>                             |
|  | <u>\$ 16,325</u>     | <u>\$ 291</u>     | <u>\$ (16,034)</u>                     |
| TOTAL REVENUES                               | <u>\$ 187,525</u>    | <u>\$ 188,915</u> | <u>\$ 1,390</u>                        |

The accompanying notes are an integral part of the  
financial statements.

## STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET - GENERAL FUND

## TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

|                                | <u>Expenditures</u> |              | Variance                   |
|--------------------------------|---------------------|--------------|----------------------------|
|                                | Budget              | Actual       | Favorable<br>(Unfavorable) |
| LEGISLATIVE                    |                     |              |                            |
| Township Board:                |                     |              |                            |
| Salaries                       | \$ 3,463            | \$ 3,512     | \$ (49)                    |
| Per diem                       | 2,000               | 1,520        | 480                        |
| Office supplies                | 200                 | 676          | (476)                      |
| Auto expense                   | 400                 | 347          | 53                         |
| Printing and publications      | 300                 | 130          | 170                        |
| Miscellaneous                  | 200                 | 140          | 60                         |
| Dues and memberships           | 1,000               | 485          | 515                        |
| Education                      |                     | 60           | (60)                       |
| Assessments                    | 1,275               | 1,275        |                            |
| Contributions                  | <u>2,500</u>        | <u>3,095</u> | <u>(595)</u>               |
| TOTAL LEGISLATIVE              | \$ 11,338           | \$ 11,240    | \$ 98                      |
| GENERAL GOVERNMENT             |                     |              |                            |
| Supervisor:                    |                     |              |                            |
| Salary                         | \$ 7,494            | \$ 7,953     | \$ (459)                   |
| Per diem                       | 1,200               | 480          | 720                        |
| Office supplies                | 50                  | 118          | (68)                       |
| Auto expense                   | 1,050               | 716          | 334                        |
| Education                      |                     | 85           | (85)                       |
| Miscellaneous                  | <u>50</u>           | <u>20</u>    | <u>30</u>                  |
|                                | \$ 9,844            | \$ 9,372     | \$ 472                     |
| Election:                      |                     |              |                            |
| Salaries                       | \$ 800              | \$ 898       | \$ (98)                    |
| Office supplies                | 100                 | 80           | 20                         |
| Auto expense                   |                     | 6            | (6)                        |
| Printing and publications      | 400                 |              | 400                        |
| Miscellaneous                  | <u>75</u>           | <u>158</u>   | <u>(83)</u>                |
|                                | \$ 1,375            | \$ 1,142     | \$ 233                     |
| Attorney - contracted services | 748                 | 502          | 246                        |
| Assessor:                      |                     |              |                            |
| Office supplies                | \$ 600              | \$ 330       | \$ 270                     |
| Contracted services            | <u>7,769</u>        | <u>7,769</u> |                            |
|                                | \$ 8,369            | \$ 8,099     | \$ 270                     |

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

|                                | <u>Expenditures</u> |            | Variance                   |
|--------------------------------|---------------------|------------|----------------------------|
|                                | Budget              | Actual     | Favorable<br>(Unfavorable) |
| GENERAL GOVERNMENT (CONTINUED) |                     |            |                            |
| Clerk:                         |                     |            |                            |
| Salary                         | \$ 9,682            | \$ 10,381  | \$ (699)                   |
| Per diem                       | 600                 | 800        | (200)                      |
| Deputy salary                  | 500                 |            | 500                        |
| Office supplies                | 1,000               | 1,226      | (226)                      |
| Professional fees              | 2,500               | 1,600      | 900                        |
| Auto expense                   | 1,775               | 1,008      | 767                        |
| Education                      | 1,000               | 1,618      | (618)                      |
| Miscellaneous                  | <u>100</u>          | <u>123</u> | <u>(23)</u>                |
|                                | \$ 17,157           | \$ 16,756  | \$ 401                     |
| Board of review:               |                     |            |                            |
| Salaries                       | \$ 1,300            | \$ 897     | \$ 403                     |
| Office supplies                | 100                 |            | 100                        |
| Auto expense                   | 50                  |            | 50                         |
| Education                      | 100                 |            | 100                        |
| Miscellaneous                  | <u>100</u>          | <u>62</u>  | <u>38</u>                  |
|                                | \$ 1,650            | \$ 959     | \$ 691                     |
| Treasurer:                     |                     |            |                            |
| Salaries                       | \$ 9,682            | \$ 10,643  | (961)                      |
| Per diem                       | 500                 | 480        | \$ 20                      |
| Deputy salary                  | 500                 | 48         | 452                        |
| Office supplies                | 2,000               | 1,838      | 162                        |
| Auto expense                   | 1,675               | 1,011      | 664                        |
| Printing and publishing        | 2,500               |            | 2,500                      |
| Insurance                      | 400                 |            | 400                        |
| Education                      | 1,000               | 70         | 930                        |
| Miscellaneous                  | <u>100</u>          | <u>35</u>  | <u>65</u>                  |
|                                | \$ 18,357           | \$ 14,125  | \$ 4,232                   |
| Town hall and property:        |                     |            |                            |
| Salaries                       | \$ 1,800            | \$ 1,650   | \$ 150                     |
| Per diem                       | 200                 | 40         | 160                        |
| Supplies                       | 100                 | 349        | (249)                      |
| Auto expense                   | 300                 | 83         | 217                        |
| Heating fuel                   | 5,000               | 2,414      | 2,586                      |
| Contracted services            | 1,500               | 1,040      | 460                        |
| Public utilities               | 1,700               | 1,973      | (273)                      |
| Repairs and maintenance        | 4,225               | 198        | 4,027                      |
| Miscellaneous                  | <u>300</u>          | <u>37</u>  | <u>263</u>                 |
|                                | \$ 15,125           | \$ 7,784   | \$ 7,341                   |

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

|  | <u>Expenditures</u> |                  | Variance                   |
|--|---------------------|------------------|----------------------------|
|  | Budget              | Actual           | Favorable<br>(Unfavorable) |
| GENERAL GOVERNMENT (CONTINUED)                         |                     |                  |                            |
| Cemetery - contracted services                         | <u>4,399</u>        | <u>4,390</u>     | <u>9</u>                   |
| TOTAL GENERAL GOVERNMENT                               | \$ 77,024           | \$ 63,129        | \$ 13,895                  |
| PUBLIC SAFETY -  |                     |                  |                            |
| Fire protection - contracted services                  | 7,142               | 7,125            | 17                         |
| COMMUNITY AND ECONOMIC DEVELOPMENT                     |                     |                  |                            |
| Planning commission - per diem                         |                     | \$ 200           | \$ (200)                   |
| Zoning board:  |                     |                  |                            |
| Salaries   | \$ 500              |                  | \$ 500                     |
| Per diem   | 500                 | \$ 240           | 260                        |
| Supplies   | 700                 | 198              | 502                        |
| Contracted services:                                   |                     |                  |                            |
| Administrative   | 1,000               | 100              | 900                        |
| Inspections  | 2,500               | 868              | 1,632                      |
| Auto expense   | 500                 | 166              | 334                        |
| Printing and publishing                                | 550                 | 207              | 343                        |
| Miscellaneous  | 50                  |                  | 50                         |
| Education  | <u>500</u>          |                  | <u>500</u>                 |
|  | <u>\$ 6,800</u>     | <u>\$ 1,779</u>  | <u>\$ 5,021</u>            |
| TOTAL COMMUNITY AND<br>ECONOMIC DEVELOPMENT            | \$ 6,800            | \$ 1,979         | \$ 4,821                   |
| PUBLIC WORKS   |                     |                  |                            |
| Highways and streets -<br>construction and maintenance | \$ 600              |                  | \$ 600                     |
| Street lighting  | 22,250              | \$ 14,318        | 7,932                      |
| Solid waste collections:                               |                     |                  |                            |
| Supplies   |                     | \$ 3,573         | \$ (3,573)                 |
| Contracted services                                    | <u>\$ 33,500</u>    | <u>29,000</u>    | <u>4,500</u>               |
|  | <u>\$ 33,500</u>    | <u>\$ 32,573</u> | <u>\$ 927</u>              |
| TOTAL PUBLIC WORKS                                     | \$ 56,350           | \$ 46,891        | \$ 9,459                   |
| PARKS AND RECREATION                                   |                     |                  |                            |
| Parks - contracted services                            | \$ 1,377            | \$ 1,370         | \$ 7                       |
| Library - contracted services                          | <u>2,194</u>        | <u>2,190</u>     | <u>4</u>                   |
| TOTAL PARKS AND RECREATION                             | \$ 3,571            | \$ 3,560         | \$ 11                      |



STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

|  | <u>Expenditures</u> |                   | Variance                   |
|--|---------------------|-------------------|----------------------------|
|  | Budget              | Actual            | Favorable<br>(Unfavorable) |
| OTHER FUNCTIONS                              |                     |                   |                            |
| Veterans council                             | \$ 300              | \$ 225            | \$ 75                      |
| Insurance and medical expense reimbursements | 30,000              | 28,112            | 1,888                      |
| Payroll taxes                                | <u>5,000</u>        | <u>4,769</u>      | <u>231</u>                 |
| TOTAL OTHER FUNCTIONS                        | \$ 35,300           | \$ 33,106         | \$ 2,194                   |
| CAPITAL OUTLAY                               | <u>5,000</u>        | <u>          </u> | <u>5,000</u>               |
| TOTAL EXPENDITURES                           | <u>\$ 202,525</u>   | <u>\$ 167,030</u> | <u>\$ 35,495</u>           |

The accompanying notes are an integral part of the  
financial statements.

COMBINING BALANCE SHEETS - FIDUCIARY FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2007

|                        | Trust and<br>Agency Fund | Tax Collection<br>Fund | Totals    |
|------------------------|--------------------------|------------------------|-----------|
| ASSETS                 |                          |                        |           |
| Cash                   | \$ 489                   | \$ 53,212              | \$ 53,701 |
| LIABILITIES            |                          |                        |           |
| Liabilities:           |                          |                        |           |
| Due General Fund       |                          | \$ 5,076               | \$ 5,076  |
| Due Federal government | \$ 44                    |                        | 44        |
| Due State of Michigan  | 445                      | 31,817                 | 32,262    |
| Due Gogebic County     |                          | 10,692                 | 10,692    |
| Due to schools         |                          | 5,627                  | 5,627     |
|                        | \$ 489                   | \$ 53,212              | \$ 53,701 |

The accompanying notes are an integral part of the  
financial statements

## STATEMENT OF CHANGES IN ASSETS

TOWNSHIP OF

Year ended

|                        |                                | Trust and Agency |            |                                 |
|------------------------|--------------------------------|------------------|------------|---------------------------------|
|                        | Balance at<br>April 1,<br>2006 | Additions        | Deductions | Balance at<br>March 31,<br>2007 |
| ASSETS                 |                                |                  |            |                                 |
| Cash                   | \$ 542                         | \$ 16,142        | \$ 16,195  | \$ 489                          |
| LIABILITIES            |                                |                  |            |                                 |
| Liabilities:           |                                |                  |            |                                 |
| Due General Fund       |                                |                  |            |                                 |
| Due Federal government |                                | \$ 14,030        | \$ 13,986  | \$ 44                           |
| Due State of Michigan  | \$ 542                         | 2,112            | 2,209      | 445                             |
| Due Gogebic County     |                                |                  |            |                                 |
| Due to schools         |                                |                  |            |                                 |
| Due to others          |                                |                  |            |                                 |
|                        | \$ 542                         | \$ 16,142        | \$ 16,195  | \$ 489                          |

The accompanying notes are an integral part of the financial statements.

AND LIABILITIES - FIDUCIARY FUNDS

WAKEFIELD, MICHIGAN

March 31, 2007

| Tax Collection Fund            |                     |                     |                                 |
|--------------------------------|---------------------|---------------------|---------------------------------|
| Balance at<br>April 1,<br>2006 | Additions           | Deductions          | Balance at<br>March 31,<br>2007 |
| <u>\$ 54,149</u>               | <u>\$ 1,222,954</u> | <u>\$ 1,223,891</u> | <u>\$ 53,212</u>                |
| <br>                           |                     |                     |                                 |
| \$ 5,076                       | \$ 179,602          | \$ 179,602          | \$ 5,076                        |
| 32,777                         | 31,942              | 32,902              | 31,817                          |
| 10,549                         | 483,995             | 483,852             | 10,692                          |
| 5,747                          | 527,337             | 527,457             | 5,627                           |
| <u>          </u>              | <u>78</u>           | <u>78</u>           | <u>          </u>               |
| <br>                           |                     |                     |                                 |
| <u>\$ 54,149</u>               | <u>\$ 1,222,954</u> | <u>\$ 1,223,891</u> | <u>\$ 53,212</u>                |

SUPPLEMENTAL  
REPORTS

**JOKI, MAKELA & POLLACK, P.L.L.C.**

CERTIFIED PUBLIC ACCOUNTANTS

301 N. SUFFOLK STREET

IRONWOOD, MICHIGAN 49938-2027

T. J. MAKELA, C.P.A.

W. J. JOKI, C.P.A.

A. R. POLLACK, C.P.A., C.S.E.P.

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REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Township of Wakefield as of and for the year ended March 31, 2007, which collectively comprise the Township of Wakefield's basic financial statements and have issued our report thereon dated August 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Wakefield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose or expressing an opinion on the effectiveness of the Township of Wakefield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Wakefield's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Wakefield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township of Wakefield's financial statements that is more than inconsequential will not be prevented or detected by the Township of Wakefield's internal control. We consider the deficiencies described in the

accompanying schedule of findings and questioned costs as items 07-1 and 07-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Wakefield's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described in the Schedule of Findings we consider item 07-02 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Wakefield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township of Wakefield's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Township of Wakefield's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Toti, Makela & Pollack, PLLC*

Certified Public Accountants

Ironwood, Michigan  
August 15, 2007

SCHEDULE OF FINDINGS  
TOWNSHIP OF WAKEFIELD  
Year ended March 31, 2007

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SIGNIFICANT DEFICIENCIES

(07-1) State of Michigan Public Act 621 of 1978 Budget Requirements

Public Act 621 of 1978, as amended, provides that a local unit prepare and monitor their fiscal year budgets in accordance with the Act. The Township was in substantial compliance except as follows:

| <u>Activity</u>                                    | <u>Budget</u> | <u>Actual</u> | (Unfavorable)<br><u>Variance</u> |
|--|---------------|---------------|----------------------------------|
| General Fund:                                      |               |               |                                  |
| Other revenues-reimbursements                      | \$ 16,325     | \$ 0          | \$ (16,325)                      |
| Other financing sources -<br>operating transfer in | \$ 15,000     | \$ 6,958      | \$ (8,042)                       |

The Board agrees and will monitor the budget and make amendments when appropriate.

(07-2) Ability to Prepare Financial Statements and Related Note Disclosures

Like entities of similar size, the Township uses the assistance of the auditor to draft the financial statements and related note disclosures.

Following the Township's adopted budget priorities, the Township will continue to focus its efforts on continuing education for the Supervisor, Treasurer and Clerk. We will keep the funding level for education and training the same, but focus more in the financial preparation area than in the past. Trustees will seek out training to better understand the financial statements and the training funds will be at levels similar to the past. In addition, the Township will continue to seek the auditor's assistance when necessary on procedural questions and drafting of financial statements and disclosures.